GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2547
ANSWERED ON:09.12.2011
NORMS FOR OPENING OF BANK BRANCHES
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Will the Minister of FINANCE be pleased to state:

(a) whether there is any relaxation in norms to open branches of banks in hilly areas in the country as compared to the plains;

(b) if so, the details thereof; and

(c) the number of branches of each bank opened in hilly areas in various States across the country including Himachal Pradesh during the last three years and the current year?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b):- As per the extant guidelines of Reserve Bank of India (RBI) regarding opening of banks branches, banks have been given the freedom to select the location for opening of branches at their discretion and the bank do so, keeping in view the viability, profitability and availability of infrastructure among other aspects. As per the extant Branch Authorization Policy of RBI, general permission has been granted to domestic Scheduled Commercial Banks (other than RRBs) to open branches / mobile branches / Administrative Offices / CPCs (Service Branches),(i) in Tier 2 to Tier 6 centres (with population up to 99,999) and (ii) in rural, semi-urban and urban centres of the North-Eastern States and Sikkim subject to reporting. In order to further expand the banking network, RBI has advised banks that while preparing their Annual Branch Expansion Plan (ABEP), the Banks should allocate at least 25 percent of the total number of branches proposed to be opened during a year in unbanked rural (Tier 5 and Tier 6) centres.

(c) As per the information given by Reserve Bank of India (RBI), the State-wise number of bank branches opened in the last three years and current year is given in the annexure.